Bristol Conference/ Exhibition Centre | October 2012

Basis of information

It is not possible to guarantee the fulfilment of any estimates or forecasts contained within this report, although they have been conscientiously prepared on the basis of our research and information made available to us at the time of the study.

Neither Davis Langdon, an AECOM Company or IPW…, nor the authors, will be held liable to any party for any direct or indirect losses, financial or otherwise, associated with any contents of this report. We have relied in a number of areas on information provided by the client (and other organisations), and have not undertaken additional independent verification of this data in all cases.

Contents

Appendix

Section 1

Introduction

Introduction

Davis Langdon (DL) and IPW… were commissioned by Bristol City Council (‘the Council’) in September 2012 to advise on the key financial and non-financial considerations of developing conference and exhibition space in Bristol. This work was commissioned as an extension to DL and IPW…’s appointment to produce a Stage 1 feasibility study for a new arena in the city, completed in August 2012.

Despite being one of the largest cities in the UK, and having a significant visitor attraction appeal, Bristol does not currently have a major conference facility that is able to compete for large national and international conferences. These events can deliver significant economic impact and other cities, such as Liverpool, Edinburgh, and Manchester have been aggressive in developing new conference facilities to enable them to compete for this benefit. The Council is keen to understand the headline implications of delivering new conference and exhibition facilities in Bristol, potentially linked to the proposed large indoor arena on the Temple Meads site.

This is not at this stage a full feasibility study or market appraisal, though this could be delivered at a later date should the Council have the appetite to take the facilities forward. The brief for the work is included at Appendix A to this report.

Major events such as large-scale conferences and trade association events are an important element of a city’s overall success as an international visitor and tourism destination. Bristol’s combination of leisure facilities and shopping, heritage landmarks and university research facilities help to drive Bristol’s destination brand. However the UK business tourism market is already highly competitive and as new venues open and existing venues invest and expand, this competition can be expected to increase.

This initial report advises on the headline considerations associated with the development of conference/ exhibition facilities in Bristol, particularly focusing on the likely capital costs and financial sustainability of such a venue. This paper also, however, acknowledges that due consideration must be given to other issues that determine market decisions on whether conferences/exhibitions will be staged in Bristol. Particularly, these include access (international and domestic, plus regional/local), available accommodation, and other infrastructure items. A complex series of factors determines the ultimate selection of a city in what is a currently very competitive marketplace.

Structure of this report

This report is structured as follows:

- Section 2 provides a brief introduction to the conference and exhibition market in the UK;
- Section 3 quantifies in headline terms the financial impact of developing a conference/exhibition venue – both in capital and revenue terms;
- Section 4 offers a commentary on the potential benefits of combining the conference and exhibition centre with the proposed arena facilities, including looking at site-specific issues and operating solutions;
- Section 5 provides a commentary on additional potential infrastructure requirements for the city to address to enable new conference and exhibition facilities to be successful in Bristol; and
- Section 6 summarises the potential headline impact of a conference and exhibition centre for Bristol and advises on potential next steps should the Council wish to pursue this further.

Section 2

The conference and exhibition market

The conference and exhibition market

Introduction

The conference and exhibition market is a diverse market ranging from small local meetings for a dozen people lasting just a day to major conventions attracting thousands of delegates from across the globe for a week or more. Both the British Conference Venue Survey (BCVS) and the United Kingdom Conference Market Survey (UKCMS) define a conference event as one that involves a minimum of eight people occupying a venue for at least four hours' duration.

The key characteristics of business tourism include:

- it is at the high quality, high yield end of the tourist market, with high levels of per capita spending;
- it is year-round, peaking in Spring and Autumn but still with high levels of activity in the Summer and Winter months, thus sustaining permanent, full-time employment;
- it complements the leisure tourism sector, relying on much of the same physical infrastructure;
- much of the infrastructure investment required primarily for the business tourist (hotels, transport, restaurants and attractions) provides benefits which can also be enjoyed by leisure tourists and by the local population;
- business tourism stimulates future inward investment as business people see the attractions of a destination while travelling on business or to attend a conference or exhibition;
- the higher quality of personal service demanded by the business tourist requires more labour-intensive service suppliers, which in turn translates into higher levels of job creation; and
- business tourism is sustainable, offering higher added value with fewer negative environmental impacts than mass leisure tourism.

Buyers of conferences are usually described as corporate, association or public sector buyers. The UKCMS includes the public sector with other not for profit organisations under the association buyers definition. This definition has also been adopted by this report. The needs and decision-making criteria vary across these market segments as they do across different sizes of events. Key features of these market segments are:

- corporate buyers are private sector companies - these represent the largest buyers of conference space (by volume of events) and use conferences for a wide range of purposes including training events, sales meetings, annual general meetings, product launches etc; and
- association buyers are diverse and include trade bodies, societies, membership organisations and the public sector (NB in some definitions public sector events are considered as a market segment in their own right) - delegates for these events can be drawn from regional, national or international bases depending on the type of association and the extent of its membership. Association events tend to be peripatetic, with organisers rotating locations (often around continents) to attract the biggest possible attendance from their membership. It is these events that many destinations aim to attract due their large size and related economic impact.

An exhibition primarily creates an opportunity for buyers and sellers to meet. Exhibitions might be trade events where wholesalers and retailers meet, often within a particular sector (eg clothing), or public/consumer events where suppliers showcase their products direct to potential buyers (eg National Boat Caravan & Outdoor Show, or the British International Motor Show). In the case of the latter an admission fee is often charged. Exhibitions are

increasingly delivered alongside large conferences as a means for event organisers to generate revenues from conferences and meet the costs associated with staging events.

Conference and exhibition developments are rarely driven by the private sector. Even more than is the case with arenas, the key drivers set out above are largely public benefits, and are not necessarily directly commercial/ financial as they are more focused on creating economic impact. The only potential exception to this might be where a hotel developer is able to drive and capture sufficient demand through (an) on-site hotel(s) to justify investment in conference and exhibition facilities, though this is highly unlikely to provide 100% of the funding.

The total economic impact to the UK economy of conference and business events has previously been estimated by the UK Events Market Trends Survey (UKEMTS) to be £18.8 billion per year, including spend at venues and in the wider destination by delegates and organisers.

Market trends

Competition in the conference and exhibitions market is fierce and becoming stronger through the development of new facilities and the investment of cities in conference bureaux and bidding units.

Despite suffering slightly due to budget cutbacks during the economic downturn, the UK conference and business events market has remained relatively strong. UKEMTS 2012 has compiled data supplied by a representative sample of 302 UK venues. Key industry trends include:

- there were an estimated 103 million delegate attendances at events in 2011 (an estimated 1.3 million events with an average attendance of 80 people, slightly higher than the average of 76 delegates in 2010);
- there was an average of 369 events per venue in 2011, on a par with 2010 (an average of 371 events per venue), as many venues can hold multiple concurrent smaller events;
- conference and training centres, university venues and hotels typically hosted more events than other types of venue. However, in terms of market share, hotels accounted for 61% of all business events; and
- corporate sector events increased and accounted for 57% of all events staged (an increase from 2010 and 2009), association events accounted for 21%, and public sector events fell to account for 23% in 2011.

Conference facilities in the UK

The UK market is highly competitive, with a number of cities recently developing new facilities or investing in improving existing provision. Eventia estimates that there are around 3,500 conference venues in the UK, though comparatively few of these are purpose-built centres.

Although venue definitions and classifications vary significantly, we estimate there to be around 150 conference venues capable of hosting events for over 1,000 delegates. (source: www.venuefinder.com). These centres offer differing levels of support facilities such as breakout space, exhibition space and banqueting.

UK cities have increasingly seen the value that can be generated by developing major conference and exhibition facilities. For example, Liverpool's BT Convention Centre (the most recently-developed large-scale venue in the UK) had an economic impact of [redacted] in its first three years after opening.

Current provision in Bristol

Bristol has several venues that can satisfactorily attract and host smaller conferences, for up to 500 delegates, including @Bristol (460 capacity) and the Council House Bristol (500 capacity) – the latter recently having hosted the Green Party's 2012 conference.

While smaller conference and meeting spaces also impact the ability of the city to develop its competitiveness, venues of 500+ delegate capacity are those potentially capable of attracting larger national and international events and the greater economic impact that these bring.

Bristol currently has limited capacity to attract, and appeal to, conference and exhibition organisers due to the absence of suitable, large-scale facilities (i.e. over 1,000 delegates in plenary). Table 2.1 below summarises existing provision in Greater Bristol, together with their theoretical maximum capacity.

Table 2.1 Existing large-scale facilities in Greater Bristol with potential conference capacity

Venue	Location	Venue type	Capacity (theatre style)
University of the West of England	Bristol fringe	Conference centre	2,500
Colston Hall	City centre	Theatre	1,800
Best Western Webbington Hotel & Spa	North Somerset & the Mendips	Hotel	1,000
Grand Pier	North Somerset & the Mendips	Unique venue	2,000

Source: http://visitbristol.co.uk/conference/venue-finding-service/our-venues

Although Greater Bristol can theoretically attract larger capacity conferences, the appeal and location of these facilities means that the city is highly unlikely to be competitive with others that can offer larger facilities. Colston Hall, for example, cannot offer satisfactory breakout space to service the large plenary space that it can deliver, and the auditorium itself is considered to be in need of renovation – particularly to cater for the greater requirements of business tourism events. The UWE facilities are not considered to be of sufficient quality to appeal to large conferences or exhibitions with specific quality expectations and requirements. It is also difficult for Bristol to capture the full economic impact of any events hosted at the Best Western or Grand Pier, for example, as these venues are not located close to Bristol city centre.

Destination Bristol has suggested that the city currently cannot accommodate the larger events that it would like to, and that the city cannot realistically or satisfactorily host events for more than 500 - 600 delegates. This is a significant gap in Bristol's competitiveness and appeal.

Scale of facility explored in this report

Based on existing provision in Bristol, local aspirations expressed through consultation, and the offer in other major regional UK cities, we believe that this initial study should consider the theoretical development of a 1,000-1,500 capacity conference venue, plus associated breakout space and supporting exhibition space.

Six of the top seven ranked cities in the Visit Britain ranking are able to offer major purpose-built conference facilities for over 1,000 delegates (London, Edinburgh, Manchester, Birmingham, Liverpool and Glasgow – with Oxford as the sole exception), as summarised at Table 2.2 overleaf.

Table 2.2 Existing large-scale facilities in Greater Bristol with potential conference capacity

City	Largest conference venue	Maximum plenary capacity
London	ExCeL	5,000
Edinburgh	Edinburgh International Convention Centre (EICC)	1,200
Manchester	Manchester Central Convention Complex	2,000
Birmingham	Birmingham International Convention Centre	3,000
Liverpool	BT Convention Centre	1,350
Glasgow	Scottish Exhibition & Conference Centre (SECC)	3,000

Developing a conference venue of c.1,250 capacity would therefore enable Bristol to compete with these cities for larger events and be competitive for the types of events which it aspires to attract, including pharmaceutical conferences and other events linked to the city's knowledge base and commercial strengths. This scale of venue has been discussed with key parties including [redacted]. At this size, Bristol would be elevated from its current position where it cannot presently attract large-scale conferences.

The total building would be expected, as a standalone venue, to have a Gross Internal Area (GIA) of c.15,000 sqm. If developed adjacent to the arena (discussed in Section 3) there would also be the potential to use the arena event floor as additional exhibition space, dependent on building specification and event calendar fit.

With a facility of this size Bristol would be able to be competitive for a significantly larger percentage of the overall conference market. There is likely to be limited benefit associated with extending capacity of a purpose-built conference centre beyond 1,500 as there are significantly fewer events beyond this scale.

Section 3

Financial impacts

Financial impacts

Introduction

Developing, and then contributing to the successful operation of, conference and exhibition facilities, is expensive and as previously discussed these costs are invariably borne by the public sector. Although the associated business tourism generates significant economic impact for cities, it is unlikely that the Council will be able to recoup a significant amount of this investment.

This section sets out the key potential financial impacts of developing conference and exhibition facilities in Bristol. This includes both capital and revenue costs that would be payable by the Council (and its partners).

Potential order of cost magnitude

Due to the scale of high capacity conference facilities (including plenary space and breakout space) and the quality of finish required to appeal to and attract events, conference centres typically are very expensive venues.

The following costs have been developed on the basis of a c.1,250 capacity conference venue with associated exhibition space (total GIA of 15,000 sq m). This scale of venue is comparable to that in other major UK cities such as Liverpool and Edinburgh, as set out previously.

For the purposes of this report we have used Davis Langdon's significant experience in advising on the development of major conference facilities. A summary table setting out the construction costs of comparator venues is provided at Appendix B to this report. For the purposes of this report, we have based the indicative order of cost magnitude on a blended rate of BT Convention Centre Liverpool (1,350 capacity, plus exhibition and ancillary facilities) and Edinburgh International Convention Centre (1,200 capacity). This results in a projected capital cost of £50 million for the proposed scale of facility, and an outturn cost of £59.3 million (excl. VAT), as set out below at Table 3.1. This capital cost does not reflect any further add-on costs associated with developing on the Temple Meads site. The 3% inflation (to Q3 2014) is the same level as used in the arena study.

Table 3.1 Projected order of cost magnitude – Bristol conference & exhibition centre

Item	Cost
Bristol Conference and Exhibition Construction Cost	£50,000,000
Professional Fees @ 15%	£7,500,000
Inflation @ 3% to Q3 2014	£1,800,000
Total Project Out-turn Cost	**£59,300,000**

Operating position

Investment in business tourism is intended to generate economic benefit, rather than to realise commercial returns. This is the key reason why new conference and exhibition development is driven by the public sector.

Conference and exhibition facilities rarely make a significant operating surplus. With the right facilities, in the right location and properly marketed, conference and exhibition venues can be financially sustainable – operating at breakeven or returning a small surplus. However, these venues are only able to generate smaller surpluses that can be reinvested in facilities, rather than sufficient sums to pay down debt on capital borrowing to develop the facility.

Due to Bristol's tourist appeal and marketability, it has the potential for a well-funded and managed, major new conference and exhibition facility to be popular and well-used. It is possible that the facilities could operate at a breakeven or potentially small surplus, but insufficient to cover debt repayment, thereby placing a significant capital investment requirement on the Council. This is our current working assumption. This would need to be tested at a subsequent stage should the city wish to consider developing a conference and exhibition centre further.

Other city budget requirements

In order to be able to gain maximum economic benefit from the development of any new conference/exhibition facilities in Europe, it is likely that the Council and its partners will also be required to invest in other areas, including convention bureau set-up/expansion and subvention budgets. Delivering new facilities without addressing other infrastructure shortcomings could produce limited increased economic benefit potential for the city, and therefore not maximise return on investment.

These items are considered in turn below.

Convention bureau investment

A convention bureau promotes a town, city, region, or country in order to increase the number of visitors focusing on convention sales and services. These organisations are directly responsible for marketing the city's brand through travel and tourism "product awareness" to visitors – and in this case would “sell” Bristol nationally and internationally. They can often function as an extension of or alongside tourism bureaux. Destination Bristol currently has a small conference function with only two employees, offering venue-finding and advice services. With the development of a new conference/exhibition centre, we would expect the city to need to significantly increase its investment, efforts and profile in this area. This would have an ongoing increased revenue cost.

Convention bureaux are typically funded by the public sector in the UK. Internationally, these organisations are often part-funded by methods similar to TIFs – such as a levy placed on hotel room bookings for example and/or other local businesses who particularly benefit from the additional business that conferences and exhibitions bring to a city. There may be potential for the Council to explore these funding avenues should it seek to develop an extended convention bureau. However, we would expect that the Council would need to provide a significant majority of the annual funding required to operate the bureau.

This increased investment might be in the region of £250,000 - £300,000 to cover increased staffing and administrative costs, plus marketing costs associated with promoting Bristol nationally and internationally to event organisers, which can often involve travel to major events to “sell” Bristol.

Subvention budget

Subvention funding (effectively a form of subsidy) is intended to promote the visibility of venues and cities as conference/exhibition destinations, attract additional events and make it possible for groups that might otherwise not be able to afford to visit a city. Subvention budgets are usually set out annually by the local authority (with potential input from its partners), as with convention bureau funding.

Subvention budgets are typically released according to how closely an event fits with key criteria set out by the convention bureau, which for Bristol might include:

- number of delegates projected to attend the event;
- overnight accommodation to be generated for Bristol and Greater Bristol;

- the potential for local businesses and organisations to benefit (eg by providing opportunities for developing industry/sector links or to showcase local products or intellectual fields); and
- potential to enhance Bristol's international profile, taking into account likely media coverage and the profile of speakers.

All of the UK's leading conference cities use subvention to attract not for profit conferences, as illustrated in Table 3.2.

Table 3.2 Example conference subvention budgets – other UK cities

City	Subvention *(per year unless otherwise stated)*
Birmingham	[redacted]
Manchester	[redacted]
Glasgow	[redacted]
Edinburgh	[redacted]
Brighton	[redacted]
Liverpool	[redacted]
Bournemouth	[redacted]

Source: IPW… research

Table 3.1 illustrates that the cities with which Bristol would be competing all have subvention budgets over £450,000, and typically over £1million. Assuming that Bristol would need to invest significant sums in order to position the city as a major conference destination, the Council may require an annual subvention budget approaching these levels. This would place a significant revenue requirement on the Council (and its partners) of say £500,000 - £1 million. The Council should not expect that a new facility in Bristol could stand alone and be successful without this funding.

Summary

Purpose-built conference and exhibition facilities are typically expensive in capital terms and also have a requirement for ongoing funding support. Even assuming operating breakeven at the venue, the public sector has to provide funding for the extended city convention bureau operations and for an annual subvention.

A purpose-built conference and exhibition centre could be expected to cost £59.3 million if developed as a standalone venue. We would also expect that the city (and its partners) would be required to invest between £750,000 and £1.3 million in increased conference bureau funding and a subvention budget.

Section 4

Combining conference/exhibition centre and arena

Combining conference/exhibition centre and arena

Introduction

The Council is keen to consider the potential opportunity to combine the proposed arena at Temple Meads (subject to IPW… and DL's findings in the separately-commissioned study) with conference and exhibition facilities. This model has been delivered at ACC Liverpool, where the city has developed the 11,000 capacity Echo Arena and 1,350 capacity BT Convention Centre. In addition to this Liverpool City Council and ACC Liverpool are now seeking to develop an 8,000 sq m exhibition space to complement the current provision.

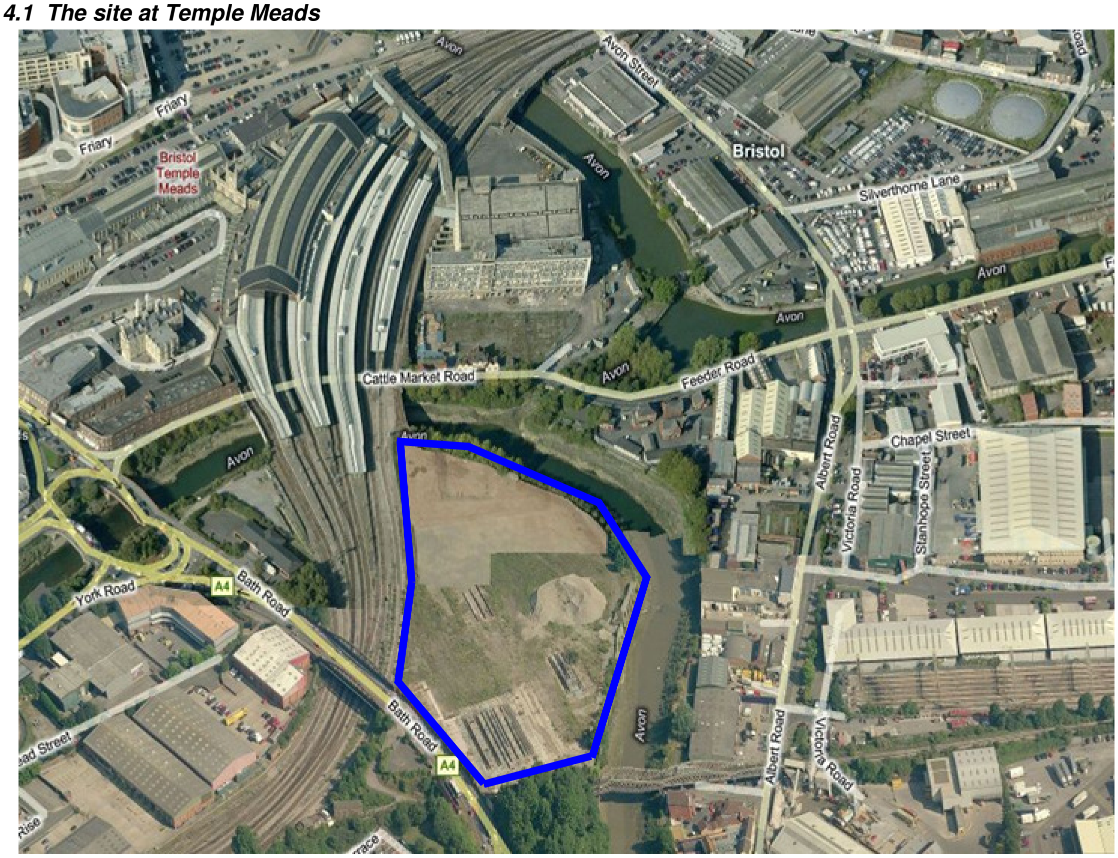
This approach can potentially help to realise capital cost savings and operational synergies/savings, and the overlap of facilities can also help to maximise the attraction of the city for very large events – where the arena is required to host major plenary sessions and can be supported by the breakout spaces in the conference centre, or alternatively the arena floor can be used as additional flexible exhibition space.

This section of the report provides an initial commentary on some of the key considerations associated with combining these two facilities.

The site

We have been asked to consider the potential to combine the facilities at the Temple Meads site in Bristol city centre, shown below at Figure 4.1.

Figure 4.1 The site at Temple Meads



The proposed site benefits from excellent rail transport links, while its strong road links help to ensure that a conference/exhibition venue in this location will be very accessible to delegates and exhibitors.

Through developing in a city centre location, a venue could expect to maximise economic impact through encouraging city centre spending in hotels, restaurants and entertainment. A central location is key for both the conference centre's appeal and the economic benefit that it generates.

The site is large enough to accommodate significant conference centre/exhibition facilities in addition to the proposed arena – based on a 1,250 capacity conference venue (plus associated ancillary spaces) and 12,000 seat arena (as identified in the Stage 1 arena feasibility study). We are also confident that a suitable design and masterplanning solution could be achieved.

However, the addition of major conference facilities would potentially reduce the site's car parking capacity, which is a key consideration for arena operations and events in particular, but also for exhibition and conference access and usage. We would expect car parking to be a potentially significant problem, as many conference delegates, and particularly exhibitors, would drive to the venue and want to park in the vicinity.

Developing both facilities on the same site would also leave minimal residual land for enabling development, which would have a knock-on effect on the potential funding solutions.

While the site has several attributes due primarily to its central location and connectivity, there remain some potential concerns over the impact that a conference/exhibition centre would have at Temple Meads. These include impacts on the transport network and on the availability of land for car parking and other enabling development that are central to the funding and successful operation of the arena.

Financial benefits of co-location

There is the potential to realise capital cost savings through co-locating arena and conference facilities. This could be achieved through a number of areas, including:

- savings achieved through combining centralised facilities such as circulation, reception, catering, WCs office and support facilities could save up to an estimated 15-20% off the GIA otherwise required for two separate buildings, with resultant cost benefit;
- reduced main contractor set up costs, overheads and profit, sub-contractor prelims and design fees could save 3-4% off the construction costs from two separate building projects in separate locations; and
- savings achieved externally including shared public realm, loading bay, access and services could save 4-5% off the construction costs otherwise required for two separate buildings.

Based on the scale and composition of the theoretical facility considered in this report, the potential savings that could be achieved by combined the Arena and Conference & Exhibition centre on the same site are summarised overleaf at Table 4.1.

Table 4.1 Potential capital cost savings achieved through developing alongside an arena

	Potential projected saving (off outturn)	
Item/description	**Lower range**	**Upper range**
Combining centralised facilities such as circulation, reception, catering, WCs, office etc	£9,000,000	£12,000,000
Reduced main contractor set up costs, overheads and profit, sub-contractor prelims and design fees etc	£2,400,000	£3,000,000
Savings achieved externally including shared public realm, loading bay, access and services	£1,800,000	£2,400,000
TOTAL POTENTIAL SAVING	**£13,200,000**	**£17,400,000**

There would also be potential financial benefits in the conference centre's operation, dependent in part on the operating solution (discussed below) but also in large part to the reduced areas both internally and externally. This could potentially result in reduced operating or whole life costs and an annual saving of up to 15-20% linked into the reduced size of the building.

Operating solutions
Conference and exhibition centres are typically operated by Special Purpose Vehicles (SPVs) set up for the specific purpose of managing the venue, or directly operated by the local authority in each case. However, the major arena venue operators consulted during the Stage 1 Arena study all have experience of operating conference venues and have the capacity and capability to do so in Bristol.

Beyond the potential capital cost savings achievable, as discussed above, there are also some potential operating benefits associated with developing the conference facilities alongside the arena. There would be scope to investigate an operating solution that includes both the arena and any additional conference/ exhibition facilities developed at Temple Meads. Through managing the venues together, there is the potential to realise synergies and savings through reduced staffing requirements in particular.

The major venue operators all have experience of operating conference/exhibition facilities and, given the strong indicative interest generated through the soft market testing on the arena, we would expect them to be willing to manage the two venues together if the procurement exercise were to call for it.

If procured together under a lease agreement (as discussed in the Stage 1 arena feasibility report) we would expect the operators to offer a broadly comparable base rental amount, with a potential slight uplift to reflect the additional conference business that could be programmed and attracted.

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

Section 5

Additional infrastructure requirements

Additional infrastructure requirements

Introduction
A complex series of factors determines the ultimate selection of a city as a conference destination, in what is a very competitive marketplace. This means that a new venue developed in isolation would not alone ensure Bristol's appeal and competitiveness.

Destinations and venues required by events and event organisers vary significantly but the larger conferences typically look for purpose-built auditoria capable of holding the main plenary session, a range of smaller meeting rooms to provide a series of concurrent breakout sessions, along with exhibition space. Events also look for the availability of nearby accommodation (most organisers will request hotels be available within walking distance to avoid having to pay for local transport/transfers) and appealing social and leisure opportunities to help to encourage a high delegate attendance.

Delivering new conference/exhibition facilities without addressing other infrastructure issues would mean that Bristol would not be able to attract and host events to the city. Additional infrastructure items that the city and the Council would need to consider include:

- transport/accessibility;
- hotel supply; and
- banqueting provision.

These items are introduced in turn below.

Transport
The site is well-connected via road and rail, which is a key factor particularly in attracting regional and national events to the city and the conference centre.

However, the development of new conference and exhibition facilities will place a further requirement on Bristol's road network during the day, when there is currently only circa 5% capacity in the surrounding transport network. Exhibitors in particular, but also a percentage of delegates, can be expected to travel to the venue via road, placing an additional burden on the road network. Users of the conference centre will also require specific, on-site car parking. The importance of on-site parking has been discussed extensively in the Stage 1 arena feasibility study. The conference centre will primarily generate demand during the day rather than in the evenings, meaning limited overlap with arena event demand, though at times event set up and take down may create an overlap which results in parking being stretched.

Air accessibility is an important consideration for larger conferences – particularly national and international association events where international delegates will form a key part of overall attendance. The connectivity of a city's airport is therefore an important part of the likely appeal and success of its conference facilities.

Bristol Airport is located around 8 miles from the Temple Meads site. The airport is connected to the city centre by the A38, though consultation has suggested that this is a slow route into the city. In 2011, Bristol Airport was the ninth busiest airport in the United Kingdom, handling almost 5.8 million passengers (source: www.caa.co.uk). Planning permission for development which will enable 10 million passengers per annum to use Bristol Airport by 2020 was granted in early 2011 and work is now underway. Bristol's key routes in volume terms include Dublin, Amsterdam, Edinburgh, Glasgow and Paris, and the airport is working to add additional routes.

However, the airport has one of the shortest international airport runways in the country and therefore large aircraft are rarely used due to weight restrictions – a key limitation. The airport's development is a key infrastructure item that should be addressed to maximise the appeal and success of a purpose-built conference centre seeking to attract events year-round.

We believe that a purpose-built conference/exhibition centre, generating 150+ days of usage, would place a significant burden on the city's transport infrastructure and further investment in this area is likely to be necessary to ensure a venue's appeal and success.

Hotel supply

The ability to deliver a range of accommodation options is a key factor in a city's competitiveness in attracting conferences and exhibitions. Organisers typically seek cities with a strong supply of rooms ranging from 4/5* down to 2* in which delegates can stay. Initial consultation has suggested that Bristol is well-stocked for hotel rooms and that there is excess supply in the market at present, which could hope to 'soak up' some of the demand generated by a new conference and exhibition venue. We have not at this stage completed any analysis of occupancy levels.

Bristol currently has c.5,500 rooms available. Around half of these rooms (2,800) are 4* (all figures provided by Destination Bristol), which is positive for the city's appeal for business tourists. There is a cluster of hotels in the city centre, though no hotels in the immediate vicinity of the Temple Meads site. Meeting organisers typically seek to place delegates in convention centre-proximate hotels for logistical convenience. By placing delegates as close to the primary meeting space as possible, organisers are able to alleviate extra costs associated with transportation.

Organisers also invariably prefer to use larger hotels to be able to place delegates in fewer venues, and to lessen the issues associated with negotiating pricing deals with multiple hotels. Four of the city's 4* hotels have over 200 keys, and a further five hotels have more than 150 keys.

An emerging trend in conference centre success is the ability to deliver a quality, on-site headquarters hotel. The term 'headquarters' is given to the hotel which serves as the centre of operations for an event occurring in a city's conference centre. A headquarters hotel typically blocks out a large proportion of its rooms for an event – sometimes devoting up to 90% of its room count during the peak day(s) of a given conference/ exhibition to that event – for the use of event organisers, exhibitors and delegates. A headquarters hotel is typically linked to/integrated with the conference centre which it serves.

The competition for national conventions has changed significantly in recent years. Where previously it was sufficient to have a large, modern convention/exhibition centre with hotels in walking distance, now larger events regularly demand a first-class hotel that is physically connected to (or, at worst, immediately adjacent to) the conference and exhibition spaces.

We have seen on recent comparable projects that it is very challenging to secure private finance for this type of hotel development. This financing cost may therefore have to sit with the Council, which would add to the overall capital cost of the scheme.

Banqueting

Greater Bristol can currently offer banqueting for smaller events, albeit that options are somewhat limited. A new conference/exhibition may seek to deliver flexible space and kitchen capacity to host delegate banquets. However, this space is also likely to be required for exhibitions and delegates and organisers often prefer for banquets to be away from the conference venue. As such, it would be positive if there were alternative

banqueting venue options to appeal to event organisers and cater for delegate needs. Discussions with Destination Bristol have suggested that none of the city's existing spaces would be capable of offering a catering solution to meet banqueting need for larger events.

As such, the city may wish to explore facilitating a banqueting solution, to support a new conference/exhibition centre and ensure its competitiveness. We would indicatively expect capacity events that a 1,250 delegate conference centre would require banqueting for c.1,000 delegates.

Summary

Bristol has a strong city brand, but additional venue provision is required to enable the city to host major conferences and exhibitions. In order to be competitive for business tourism events however, the city is also likely to have to deliver additional infrastructure – including addressing considerations such as banqueting, accessibility, and hotel provision.

A new conference/exhibition venue delivered without addressing these points is likely to significantly affect Bristol's ability to compete for and successfully stage larger, higher yield events. These infrastructure considerations should be considered alongside the other investment items introduced previously in this report – including the creation of a subvention budget and expanding the existing conference bureau presence and profile.

Section 6

Summary and next steps

Summary and next steps

Summary

The Council appointed IPW… and DL to advise on the key financial and non-financial considerations of developing new conference and exhibition facilities in Bristol. This report has provided a headline analysis of the key items that the Council will need to consider in deciding to progress such a project, potentially alongside the proposed new arena for the city.

Bristol does not currently have a conference/exhibition venue capable of attracting and hosting large events, and therefore there are many events that it cannot hope to bring to the city. Other leading UK cities are all able to offer conference venues for 1,000+ delegates. If a suitable venue were available, we would expect a new facility in Bristol to attract conference events and deliver significant economic impact for the city, based on the city's appeal and brand strength. In order to be competitive with cities such as Edinburgh and Liverpool, Bristol might consider developing a c. 1,250 capacity facility, plus associated breakout and exhibition space. Based on DL's extensive experience of such projects, we would expect a standalone venue to be deliverable for £59.3 million (excl. VAT), with a total GIA of c.15,000 sq m.

Conference and exhibition centres are expensive in capital terms and often operationally as well. They are typically delivered and subsidised by the public sector (once subvention and convention bureau costs are accounted for) in order for a city or town to benefit from the associated impact that they generate for the local economy.

We would expect that a purpose-built conference/exhibition centre would make a small operating profit if delivered as a new venue in Bristol. If delivered together with a new arena, and capitalising on operational synergies, we would expect the centre to make a higher profit, but not sufficient to fund any of the capital required to develop the facility. Delivering the facilities together could also potentially reduce the capital cost associated with the conference centre and Arena by £13.2 million to £17.4 million – due to spatial reductions and other construction efficiencies.

Delivering a conference centre at the Temple Meads site would maximise its appeal through being close to the city centre and its attractions as well as the railway station, and by being in a central location would deliver greater economic impact through retaining visitor spend in the city. There is potential to fit a purpose-built conference centre adjacent to the proposed arena, though this would greatly reduce the space otherwise potentially available for car parking and for any enabling development.

The Council will also need to consider other investment and running costs associated with attracting more and larger conferences to the city. We would additionally expect that the Council (and its partners) would have to also budget for annual revenue funding of £750,000 - £1.3 million for an extended convention bureau operation and for an event subvention budget, to ensure that Bristol is able to be competitive nationally and internationally for conferences and exhibitions.

In addition to these key capital and revenue investment items, we would advise that the Council and its partners ought to seek to address wider infrastructure shortcomings that would affect Bristol's ability to attract larger national and international events – which deliver the greatest economic impact. These particularly include air and road connectivity, banqueting options, and headquarters hotel/site proximate hotel provision. Without addressing these infrastructure points, it is unlikely that a purpose-built conference centre would deliver the maximum economic benefit for the city.

[redacted]

[redacted]

Next steps

This report highlights the scale and capital and revenue budgets that would be required to deliver a conference and exhibition offer in Bristol.

If the Council has the appetite for this scale of cost, when assessed against the potential economic benefits, then a full supply and demand study should be commissioned. This would advise more fully on the scale of the market for Bristol, with resulting advice on the size of venue and associated facilities required to meet the demand. We would also look more fully at the commercial considerations (both capital and revenue) together with an assessment of the economic impact on Bristol.

The first question for the city to answer is does it have the appetite for the scale of costs involved to compete in the conference and exhibition market place?

If the Council wishes to consider further the conference and exhibition market this can be undertaken in parallel with the Stage 2 arena engagement. This would result in a full piece of advice on what facilities the Council can develop at what costs and importantly how then can be achieved in the most economic way.

There is a clear economic impact associated with developing conference/exhibition facilities, and a potential benefit associated with co-locating them with an arena. However, it is critical that the Council determines its appetite for the necessary investment required to deliver conference and exhibition facilities before taking this element further.

Submitted by:

[redacted] Tel: [redacted]
[redacted] Mobile: [redacted]
[redacted] Email: [redacted]

[redacted] Tel: [redacted]
[redacted] Mobile: [redacted]
[redacted] Email: [redacted]

Appendix A – Client Brief

Overview
IPW… and Davis Langdon will provide an initial overview of the impact of a conference and exhibition centre on the arena proposals for Bristol and for the city more widely.

This is not at this stage a full feasibility study or market appraisal, though this could be delivered at a later date should the Council have the appetite to take the facilities forward.

The initial overview will concentrate on the commercial and financial outcomes of a hypothetical conference/exhibition venue. It will not include a supply and demand assessment nor any soft market testing with the potential operators. We would be happy to meet with Peter Holt at the Council if required, however the study will otherwise be a purely desk-based exercise.

The brief
In undertaking this study, we will:

- Provide a commentary/overview of the conference and exhibition market in the UK.
- Provide an indicative scale of venue to provide for both market based working being undertaken in Liverpool and Edinburgh – the hypothetical venue.
- Provide key potential financial impact for such a venue including:
  - Potential order of cost magnitude
  - Potential financial operating position (ie positive or negative cost of operation)
  - Suggest indicative budgets for other City requirements if the scheme were to progress including set-up of conference and exhibition bureau and Subvention budgets.
- Comment on any potential financial benefits of combining the conference and exhibition with the proposed arena facilities.
- Provide commentary on the likely operators for the conference and exhibition facilities, with any overlap with the potential arena operators.
- Provide commentary on any likely site specific issues of providing conference and exhibition facilities on the Temple Meads site.
- Provide commentary on additional potential requirements for successful conference and exhibition facilities in the City including:
  - Transport
  - Hotels (quality and bed nights)
  - City visitor profiles.

Appendix B Convention Centre cost benchmarking

	Venue	Base date	Basis	GIA (sqm)	Total Cost – Shell only	Shell Cost £/sqm	Total Cost – Fit Out only (excl. FF&E)	Fit Out £/sqm	Total Cost (see notes for exclusions)	Total Cost £/sqm	Status
1	Conference Centre Cost Model	Nov 2000	Cost Model	8,300	£9,600,000	1,157	£14,200,000	1,711	£23,800,000	2,867	Model
2	Project A	Jun 2010	Cost Plan	30,000	£73,080,000	2,436	N/A	N/A	£73,100,000	2,436	Design
3	Project B	Jul 2005	Cost Plan	13,670	£25,300,000	1,851	£25,000,000	1,829	£50,300,000	3,680	Design
4	Project C	Jun 2005	Contract Sum	15,502	£16,600,000	1,071	£23,300,000	1,503	£39,900,000	2,574	Operating
5	Project D	Mar 1997	Contract Sum	14,430	£19,800,000	1,372	£33,100,000	2,294	£52,900,000	3,666	Operating
6	Project E	Dec 2001	Cost Plan	23,650	£38,700,000	1,636	£39,400,000	1,666	£78,100,000	3,302	Operating
7	Project F	Sep 1999	Cost Plan	8,531	£9,600,000	1,125	£16,100,000	1,887	£25,700,000	3,013	Operating
	Average 2-7			**14,041**	**£22,000,000**	**1,411**	**£27,400,000**	**1,836**	**£49,400,000**	**3,184**	

General notes to be read in conjunction with the above comparisons:

a All figures have been adjusted to October 2012 prices and rounded to the nearest £100,000

b The UK Exhibition and Conference Centre costs have not ben adjusted for regional factors – so are the actual costs in the region where they are located

c Figures exclude external works, VAT, site acquisition costs, client direct costs, legal fees, non-convention centre related costs, inflation beyond the Base Date of October 2012 and professional fees.

d Shell cost includes for substructure, frame, upper floors, stairs and roof

e Fit-out includes internal walls and doors, finishes, fixtures and fittings, and mechanical and electrical services